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FROM : AMEMBASSY TRIPOLI

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SERIES A

TO : THE DEPARTMENT OF STATE, WASHINGTON.

November 13, 1957

REF : Mutual Security Program for Libya for FY 1959

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SUBJECT: Embassy Comments on MSP Submission

The Embassy agrees in general with the USOM/L's MSP Submission for USFY 1959, but wishes to emphasize even more strongly than was done by USOM/L the tentative nature of the submission as regards the level of budgetary support and economic aid that it may be necessary for the U.S. Government to provide to Libya in order to realize U.S. objectives not only in Libya but in the Middle Eastern and North African area as a whole.

In this connection, the Embassy desires to add to the justification of the level of aid (Section II.D.1.) further reasons for allocating to Libya what might seem to be a disproportionate amount of aid. While the preservation of U.S. military facilities is doubtless the primary reason, there are others of almost equal validity.

(1) Chief among these is the political value of Libya as a western-oriented Arab state. The failure of this western orientation would both weaken the U.S. position in the Middle Eastern and North African area and strengthen the Egypto-Soviet position. Even if there were no U.S. military facilities in Libya, the use of which might be lost if Libya turned eastward, such a turning would have serious consequences. Not only would it deprive the U.S. of a valuable demonstration of the benefits accruing to an Arab state from cooperation with the West, but also it would affect U.S. prestige in the area by fostering doubt of U.S. ability to counter Egypto-Soviet pressures. The Soviet Union would by indirection in effect achieve what it sought after World War II - a mandate over Libya. Egypt and the USSR would have a more direct access to the newly independent states of North Africa - Tunisia and Morocco - and to Algeria, to say nothing of Southern Europe.

(2) Another reason of no small importance to U.S. prestige in Libya, in the Middle Eastern and North African area, and in fact in the whole free world, involves the responsibilities assumed, morally if not legally, by the U.S. in regard to Libya. Whatever the intent may have been, in the eyes of the Libyans and of others, the U.S. has taken on or been led by events into a major degree of responsibility for the welfare of a state which is obviously unable to exist at more than subsistence level without outside aid. The major factors of U.S. commitment have been (a) the role played by the U.S. in the United Nations decision to make Libya an independent state, and (b) the implications of the

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U.S.-Libyan Economic Aid Agreement of September 9, 1954. If the latter agreement had not contained what, to the Libyans at least, was an implied commitment to see that Libya's economic development requirements were within reason satisfied, the U.S.-Libyan Base Rights Agreement would not have been signed.

The Embassy would like to point out also that the "Cultural Objectives", the "Objectives Aimed at Promoting Libya's Independence and Integrity", and the objective of "Maintaining a Friendly Atmosphere, etc." are political objectives as well and that one of the primary factors in achieving these objectives will be the level of aid offered to Libya, in addition to the more specific factors mentioned in these sections of the submission.

Minor corrections or additional information in certain details would include the information on the British plan for reduction of subsidies to Libya, which is correctly stated in one part of the submission as the provision of £1,250,000 per year for five years (Libyan and British fiscal years 1958/59 through 1962/63) with an additional £500,000 in 1958/59. On the disposal of this subsidy, the Embassy has been informed since the MSP submission was prepared that the British Government might be amenable to directing all of its subsidy to budgetary support rather than partly to LPDSA. This, however, has not been finally determined.

In regard to LPDSA's income, that organization has not for a number of years actually received £1,250,000 a year from countries other than Great Britain, chiefly because French contributions have been sporadic. Recently, however, France has paid certain sums under the 1956 Franco-Libyan treaty which have been in part turned over to LPDSA. It is not known whether French contributions to LPDSA will continue.

For the Ambassador

Rodger P. Davies

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Counselor of Embassy

cc: Benghazi
USOL/L (Tripoli)

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